United Nations A/68/168

General Assembly

Distr.: General
22 July 2013

Original: English

Sixty-eighth session
Item 27 (b) of the provisional agenda*
Social development: social development, including questions relating to the world social situation and to youth, ageing, disabled persons and the family

Cooperatives in social development and the observance of the International Year of Cooperatives

Report of the Secretary-General

Summary

The present report is submitted in response to General Assembly resolution 66/123, in which the Assembly requested the Secretary-General to prepare a report on the observance of the International Year of Cooperatives 2012, including an overview of the activities that were implemented during the Year. The report reviews the size and scope of cooperatives and discusses their contribution to social and economic development, based on substantive outcomes of international conferences and United Nations meetings held during the Year. It summarizes the major activities and initiatives launched at the national, regional and international levels in observance of the Year. The report concludes that the observance of the Year contributed to increasing global awareness of cooperatives as significant partners in development for the empowerment of the poor, young people, women, the disabled and other marginalized groups, and for the attainment of the goals of inclusive growth and sustainable development.

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I. Introduction

1. The present report, which is submitted in response to General Assembly resolution 66/123, reviews the size and scope of cooperatives and discusses their contribution to social and economic development, based on substantive outcomes of international conferences, thematic dialogues and other forums hosted throughout the International Year of Cooperatives. It summarizes the activities and initiatives launched at the national, regional and international levels in observance of the Year.

II. The cooperative as an enterprise model

2. The International Year of Cooperatives celebrated the cooperative way of doing business: one that is not motivated only by profits but mostly by service to cooperative members, who own and control the business democratically. The benefits and surplus revenues from cooperative businesses are enjoyed collectively by their members.

3. The Year provided an opportunity to refresh the attention of Governments, the business community and, most importantly, the general public in respect of the potential and advantages of the cooperative model in both developed and developing countries. It reminded people that, by working collectively, they can make their communities more secure, build cooperative businesses together, and support the real economy on the ground. Member-owned businesses are not only strengthening communities but empowering people, giving them hope in the context of multiple global crises and disasters and providing aspirations in the context of the search for a new post-2015 development agenda and the final acceleration towards achieving the Millennium Development Goals by 2015.

4. The first modern cooperatives were established in Europe more than 200 years ago.[1] Early cooperatives were created mainly as defensive responses to the hardships and famine engendered by the industrial revolution and rural poverty in Europe.[1] Today, the cooperative model is being used all over the world and can be found in all sectors of national economies, where it has provided an increasingly larger share of income and employment.

5. New forms of cooperatives, such as social and community cooperatives, have appeared in response to the increasing inability of the public sector to meet the needs and choices of populations in terms of essential welfare services, mainly owing to financial constraints. Social cooperatives are intended to enhance collective benefits and promote social integration. They conduct two main types of activity: caring activities such as childcare, elder care, assistance to persons with disability, health care and educational services; and training activities that facilitate the professional integration of the poor and disadvantaged in mainstream society.

[1] Johnston Birchall, *Co-op: The People's Business* (Manchester, United Kingdom of Great Britain and Northern Ireland, Manchester University Press, 1994).

III. Size and scope of the cooperative sector

6. Taking into account double counting, it is estimated that at least 650 million persons, or nearly 15 per cent of the world's adult population, are members of one or more cooperatives.[2] According to the European Research Institute on Cooperative and Social Enterprises, worldwide, there are three times as many cooperative members as individual shareholders in investor-owned enterprises. In Brazil, China, India and Russian Federation, the ratio between cooperative members and direct shareholders is even higher: 4 to 1.

7. Cooperatives are prominent in several sectors, including agricultural and food industries, banking and financial services, insurance, consumer and retail, industry and utilities, health and social care, information technologies, and crafts. Agricultural cooperatives have a particularly high market share in Europe, with about a 60 per cent share in the processing and marketing of agricultural commodities and an estimated 50 per cent share in the supply of inputs. In the United States of America, the respective figures are about a 28 per cent share in the processing and marketing of agricultural products and a 26 per cent share in the supply of inputs.[3] In Africa, Asia and Latin America, agricultural cooperatives are also a prominent component of the agricultural sector. For instance, cooperatives have made India one of the largest producers of milk in the world.

8. Financial cooperatives are important players in the world banking system, reaching the poorest people and having a substantial economic impact. Worldwide, they serve over 857 million people, including 78 million living on less than $2 a day, and represent 23 per cent of all bank branches.[4] Financial cooperatives include both cooperative banks (based mainly in Europe) and credit unions (set up originally in North America and developing countries), as well as banks owned by agricultural or consumer cooperatives. Cooperative banks, although member-owned, can have non-members as customers, whereas credit unions are licensed to serve members only.

9. In Europe, there are 4,000 cooperative banks active in 20 countries, with 50 million members, 780,000 employees, €5.65 billion in assets and an average market share of 20 per cent.[5] Worldwide, there are over 51,000 credit unions that operate in 100 countries, with 196 million members and $1.56 billion in assets. On average, their market penetration[6] is 7.8 per cent, but this varies widely by region. Market penetration is higher in North America, Oceania and the Caribbean, with 45 per cent, 23.6 per cent and 17.5 per cent respectively, and much lower in Africa,

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[2] Claudia Sanchez-Bajo and Bruno Roelants, *Capital and the Debt Trap: Learning from Cooperatives in the Global Crisis* (New York, Palgrave Macmillan, 2011).

[3] European Research Institute on Cooperative and Social Enterprises, Report of the Conference on "Promoting the Understanding of Cooperatives for a Better World", organized in Venice, Italy on 15 and 16 March 2012 by the Research Institute and the International Cooperative Altiance.

[4] David Grace, "Five lessons for growing financial coops", presentation at the United Nations Expert Group Meeting on Harnessing the Cooperative Advantage to Build a Better World, Addis Ababa, 4-6 September 2012.

[5] International Labour Organization, *Resilience in a downturn: The power of financial cooperatives* (Geneva, International Labour Office, 2013).

[6] Ratio of the number of members to the total economically active population (aged 15 to 64 years).

Latin America, Europe and Asia, with 7.2 per cent, 5.7 per cent, 3.5 per cent and 2.7 per cent respectively.[5]

10. Insurance cooperatives had a 25 per cent share of the world insurance market in 2008, including 44 per cent in Germany, 39 per cent in France, 38 per cent in Japan and 30 per cent in both the United States and Canada.[3]

11. In Europe, 4,500 local and regional consumer cooperatives, working mainly in the retail sector, have 450,000 employees, 30 million members, 35,000 points of sale and €75 billion in annual turnover.[7]

12. Cooperatives working in the utility sector have a substantial presence in the United States, where almost 1,000 electricity cooperatives own and maintain 42 per cent of the national electricity distribution lines, covering 75 per cent of the country's territory. They employ 70,000 people and serve an estimated 42 million customers. In Argentina and the Plurinational State of Bolivia, cooperatives play a major role in managing water supplies. One large urban water cooperative serves approximately 700,000 customers.[8]

13. Cooperatives are also present in a wide range of industries, including manufacturing, construction, transport and services. There are more than 25,000 worker cooperatives and more than 10,000 worker cooperatives in Italy and Spain, respectively.[3]

14. Over the past two decades, social cooperatives have become key players in the welfare system. Social cooperatives are especially widespread in some European countries and in Canada but are also emerging as important institutions in other regions of the world. In Italy, where they are most developed,[9] social cooperatives have registered an average annual growth rate ranging from 10 to 20 per cent since the late 1970s. In 2008, there were 3,938 active social cooperatives in Italy; they employed about 320,000 workers, served 4.5 million users and had an annual turnover of €9.0 billion and €7.2 billion in assets.[10] In the Republic of Korea, the Government expects that up to 10,000 social cooperatives will be formed within the next five years, under the new Framework Act on Cooperatives that went into effect on 1 December 2012, resulting in 40,000 to 50,000 new jobs.[11]

IV. Economic and social impact of cooperatives

15. Cooperative activities secure the livelihoods of as many as 3 billion people and contribute significantly to national economies.[3] According to the International

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[7] "Consumer co-operatives in Europe: overview", presentation by Rodrigo Gouveia, Secretary-General of the European Community of Consumer Cooperatives, 26 February 2012. Available from http://www.uk.coop/.

[8] National Rural Electric Cooperative Association of the United States of America, "Cooperative Facts and Figures: A National Overview". Available from http://www.nreca.coop/members/Co-opFacts/.

[9] In Italy, legislation establishing and defining social cooperatives has existed since 1991. Italy was the first country in Europe to introduce such legislation.

[10] Chiara Carini and others, "The Italian social cooperatives in 2008: A portrait using descriptive and principal component analysis". Euricse Working Paper, No. 35|12 (2012).

[11] Jasper Kim, "Business Law: Social Coop Law (South Korea) — 5 things to know" (Asia-Pacific Global Research Group, 2012).

Cooperative Alliance, cooperatives are estimated to account for between 3 and 10 per cent of gross domestic product (GDP), and the 300 largest cooperatives in the world have a combined annual turnover of $2 trillion, which is more than the GDP of Italy, the world's seventh largest economy.

16. Apart from their quantitative impacts, cooperatives contribute to economic development in several ways.[3] First, their ownership structures and goals are different from those of investor-owned enterprises, enabling cooperatives to play an important role in reducing market failures by contributing to improving market competitiveness: this, in turn, prevents the formation of monopolies, lowers retail prices, provides opportunities for innovation, and limits information asymmetry. Second, according to the European Research Institute on Cooperative and Social Enterprises, cooperatives play a key role in stabilizing the economy, especially in sectors characterized by considerable uncertainty and price volatility, such as finance and agriculture, as demonstrated by the stabilizing influence of cooperative banks in Europe and North America on the banking system during the current financial and economic crises. Third, cooperatives focus on the production of goods and services to satisfy the needs of the people they serve. Fourth, they adopt a long-term perspective, critically needed in order to increase long-term investment. Lastly, cooperatives contribute to a fairer distribution of income, helping to curb poverty and income inequality.

17. The socioeconomic impact of cooperatives is highlighted in times of multiple social crises. The fact that 70 per cent of the hungry live in rural areas has empowered agricultural cooperatives with a crucial role in improving food security; similarly, their role in sustainable agricultural practices may be vital in the context of environmental crises.[12] Cooperatives improve the agricultural productivity of farmers and facilitate access to markets, savings, credit, insurance and technology. Cooperatives have demonstrated the capacity for effective reconstruction and peace in disaster areas, as shown by their recent response following major earthquakes and tsunamis.[13] Additionally, social cooperatives have filled the critical gap caused by the economic recession, as many Governments have reduced public spending, including social welfare benefits.

18. Financial cooperatives have proved their strength and resilience since the 2007-2008 global financial and economic crisis, to the benefit of their members, employees and customers. They have maintained good credit ratings, increased their assets and turnover, and experienced growth in membership and customer base. Between 2003 and 2010, the profits of cooperative banks (average returns of 7.5 per cent) improved compared with the profits of investor-owned banks (average returns of 5.7 per cent). Between 2007 and 2010, their assets grew by 10 per cent and their customer base grew by 14 per cent. The savings of credit unions increased by 1 per cent in 2008, 15 per cent in 2009 and 7.3 per cent in 2010; their reserves increased by 14 per cent and their loans decreased slightly in 2008 but grew by 7.6 per cent

[12] Food and Agriculture Organization of the United Nations, International Fund for Agricultural Development and World Food Programme, *Agricultural cooperatives: paving the way for food security and rural development* (2012). Available from http://www.fao.org/docrep/016/ap431e/ap431e.pdf.

[13] For instance, the Japan Workers' Cooperative Union has provided valuable services through job training programmes and job creation to the population of the areas that were hit by the tsunami following the earthquake in March 2011. Information is available from http://english.roukyou.gr.jp/.

and 5.3 per cent, respectively, over the following two years.[3] In Europe, only a minority of cooperative banks (7 per cent) suffered losses and write-downs from the third quarter of 2007 to the first quarter of 2011, while their average weight in the banking sector was much higher (about 20 per cent of the deposits market). The financial cooperatives' losses were quickly made up, with only a few of them having to accept government aid.[14]

19. The 2012 United Nations Conference on Sustainable Development acknowledged the role of cooperatives in contributing to social inclusion and poverty reduction, particularly in developing countries (see General Assembly resolution 66/288, annex). Cooperatives have empowered people while protecting the planet (one of the goals of the post-2015 development agenda) and have proved to be an effective vehicle in delivering inclusive and sustainable development.

20. Social inclusion is a process by which efforts are made to ensure equal opportunity, so that everyone, regardless of their background, can achieve their full potential in life. For many vulnerable groups, such as young people, women, indigenous people and persons with disability, cooperatives represent a pathway to social inclusion, enabling members to build and own enterprises, sustain viable livelihoods and address social discrimination.

21. Young people suffer higher rates of unemployment and have been among the hardest hit by the economic crisis. Recent International Labour Organization (ILO) estimates show that 73 million young people aged 15 to 24 years remain unemployed in 2013, with the unemployment rate still close to its crisis peak (currently at 12.6 per cent). Youth cooperatives not only offer a pathway out of poverty by providing young people with skills and employment opportunities, but also give a sense of accountability to their membership. For example, the Government of Panama, recognizing the benefits of cooperatives in youth empowerment, established the legal framework for youth cooperatives as early as 1981 and, in 1990, made the teaching of cooperation compulsory in all schools. The Panama Cooperative Institute works with youth cooperatives, sensitizing them to the importance of the environment, and with school farms to fight hunger and promote diversity, culture and tradition.

22. Persons with disability have also benefited from their involvement in cooperatives. In the Philippines, the National Federation of Cooperatives of Persons with Disability was founded in 1998 to promote cooperatives as an alternative vehicle for the empowerment and socioeconomic progress of persons with disabilities. Starting with just five members, the Federation has grown to include 16 primary cooperatives and is owned and staffed entirely by physically disabled persons.[15] With the help of the Canadian Cooperative Association, the Federation has created hundreds of jobs for persons with disabilities.

23. Cooperatives have also empowered women by affording them the opportunity to have direct experience with decision-making and election processes within cooperatives and providing them with increased bargaining power to gain access to

[14] J. Mooij and W. W. Boonstra, eds. *Raiffeisen's Footprint: The Cooperative Way of Banking* (Amsterdam, VU University Press, 2012).

[15] Jo-Anne Ferguson, "Generating sustainable livelihoods: the role of cooperatives", presentation at the United Nations Expert Group Meeting on Harnessing the Cooperative Advantage to Build a Better World.

inputs, credits, services, information and knowledge-sharing. For instance, the World Council of Credit Unions and Freedom from Hunger have offered loans, savings and credit education to poor women in the Philippines and Ecuador engaged in microenterprise, resulting in improved financial and social status as well as collective action beneficial to their local communities.

24. Women depositors are strong members of credit unions. In Kenya, the United Republic of Tanzania and Uganda, women's savings represent about 40 per cent of total savings and women's loans about 35 per cent of total loans. The behaviour of female depositors in terms of repayment has been more satisfactory than that of their male counterparts. Late repayment by women stands at 8.1 per cent against 19 per cent in men. Non-repayment by women is 3.4 per cent against 9.9 per cent by men.[16]

25. Cooperatives empower women through their support to the informal sector. In India, 94 per cent of people working in the informal sector are women. This sector contributes 60 per cent to India's GDP, 47 per cent to exports and 55 per cent to national savings. The Self-Employed Women's Association is the largest women's union in India, with 1.35 million women workers in the informal sector. It offers capacity-building, marketing and business development services, consulting, research and publication.[17]

V. Observance of the International Year of Cooperatives 2012

A. Institutional arrangements

26. The Department of Economic and Social Affairs of the Secretariat was responsible for promoting the International Year of Cooperatives within the United Nations. Its activities focused on raising awareness about the significance of cooperatives and promoting their growth and development. The Department worked closely with members of the Committee for the Promotion and Advancement of Cooperatives, the International Cooperative Alliance, the Food and Agriculture Organization of the United Nations (FAO), ILO and the Department of Public Information of the Secretariat to promote the Year. Financial support for the Year was mainly provided by the Rabobank Group, which disbursed $200,000 to help finance the communications campaign and other activities focused on promoting and supporting the role of cooperatives in social development.

27. In every region of the world, Governments played a leading role in the launch of activities relating to the Year. The Year was launched in Africa (including in Ethiopia, Kenya, Swaziland, the United Republic of Tanzania and Zimbabwe), Asia and Oceania (including in Australia, Japan, Malaysia, Nepal, New Zealand, the Philippines, the Republic of Korea and Singapore), Europe (including in Belgium, Bulgaria, France, Italy, Malta, Portugal and the United Kingdom of Great Britain and Northern Ireland), Latin America and the Caribbean (including in Barbados,

[16] Erick Sile, "Women and cooperatives: Promoting empowerment and equality through financial cooperatives", presentation at the United Nations Expert Group Meeting on Harnessing the Cooperative Advantage to Build a Better World.

[17] Lalita Krishnaswami, "Cooperatives: Our strength, struggle and development", presentation at the United Nations Expert Group Meeting on Harnessing the Cooperative Advantage to Build a Better World.

Belize, Brazil, Dominica, Ecuador, Guyana, Saint Vincent and the Grenadines, and Trinidad and Tobago), and North America, particularly in Canada.

B. Actions at the national level

National committees

28. Governments set up national committees to coordinate preparatory, commemorative and follow-up activities relating to the Year. National committees were inclusive of country-level actors, including local government representatives, cooperatives from different sectors, and members of cooperatives, the private sector, civil society, academia and the media. Activities of the national committees included: (a) disseminating information about cooperatives to raise awareness, in particular about good practices and successful cooperatives, via pamphlets, brochures, e-communications and social media; (b) setting up the national committee website; (c) using local media to encourage educational and promotional coverage of cooperative issues; (d) organizing meetings, conferences, workshops and special events on priority cooperative issues at the local and national levels; (e) providing guidelines on cooperative formation; and (f) coordinating training on cooperatives.

29. National committees were established in all regions. In Africa, committees were set up in Algeria, Benin, Burkina Faso, the Central African Republic, Ethiopia, Ghana, Kenya, Madagascar, Mauritius, the United Republic of Tanzania, Swaziland and Zimbabwe. In Europe, national committees were established in Belgium, Bulgaria, Croatia, Cyprus, Finland, Germany, Greece, Malta, Montenegro, Slovakia and Spain. In Latin America and the Caribbean, national committees were set up in Costa Rica, Ecuador, Honduras, Panama, Peru, Saint Vincent and the Grenadines, and Trinidad and Tobago. In Asia and Oceania, national committees were established in Australia, Bangladesh, Brunei Darussalam, China, Japan, Jordan, Lebanon, Mongolia, New Zealand, the Philippines, Qatar, Singapore, Thailand, Turkey, Tuvalu and Vanuatu. In North America, a national committee was established in Canada.

Raising awareness

30. Various actions were undertaken by many countries around the world to provide information about the contribution of cooperatives to the development of their societies. This helped to increase recognition of the strengths and advantages of cooperatives. Raising awareness focused on the challenges facing cooperatives in the context of multiple crises.

31. Activities to raise awareness about the Year included press conferences, research, educational and training programmes, song and arts contests, live webcasts of events and the issuance of commemorative stamps and coins. For example, the Small and Medium Enterprise Agency in Mongolia and the Mongolian Cooperative Alliance and cooperative sectoral associations organized press conferences about the Year. Countries such as Finland, Madagascar and Panama embarked on research and educational training programmes to highlight the importance and raise the profile of cooperatives.

32. Some countries also organized cultural arts contests, used the Internet and issued special tokens to raise awareness relating to cooperatives. For instance, Saint Vincent and the Grenadines and Trinidad and Tobago held International Year of Cooperatives theme song contests. Also, the International Cooperative Alliance organized its Coop Art Competition. Belgium, Bulgaria, Canada, Ecuador, France, Italy, Portugal and the United Kingdom had live webcasts of the launch of the Year. A number of countries, including Argentina, Australia, China, Costa Rica, Portugal, Singapore, Turkey and Uruguay, issued commemorative stamps and coins.

Legislative and policy frameworks

33. One of the aims of the International Year of Cooperatives was to encourage Governments and regulatory bodies to establish and further strengthen the policies, laws and regulations that are conducive to the formation and growth of cooperatives. National Governments have strongly supported the cooperative cause through the passage of legislation and bills to introduce or strengthen cooperatives.

34. The International Year of Cooperatives led to the introduction of new — or the revision of existing — cooperative laws in Australia, Brazil, the Central African Republic, Cuba, Finland, France, Ghana, Greece, India, Madagascar, Panama, the Republic of Korea, Saint Vincent and the Grenadines, Turkey and the United Kingdom. The Central African Republic, Madagascar and Turkey have developed, or are developing, cooperative strategy papers and cooperative development programmes.

Capacity-building to promote the growth of cooperatives

35. Capacity-building is essential to the formation and growth of cooperatives for socioeconomic development, as well as beneficial to all aspects of cooperative growth. It is vital for effective leadership, human resource and membership development, strong internal operational systems and successful inclusive practices.

36. At the national level, there have been a number of initiatives to promote cooperative development. Madagascar and Australia have introduced new national mechanisms for promoting the growth of cooperatives.

37. Developing countries have highlighted the role of international supporters and donors in promoting cooperative development. For example, the Central African Republic, Madagascar, and Panama have reported support for their activities to build capacity for the development of cooperatives.

C. Actions at the international level

Raising awareness

38. The United Nations system has played a leading role in promoting the International Year of Cooperatives. A host of activities were undertaken to raise awareness of the role and contribution of cooperatives. These activities include social media outreach, policy briefs, research, education, training and events, including panel discussions.

39. The Department of Economic and Social Affairs, in collaboration with partners within and outside the United Nations system, actively utilized social media, the

Internet and the arts throughout the Year to disseminate key messages, raise awareness and encourage individuals and their communities to support the development of cooperative enterprises. Several social media tools were used, such as Facebook, Twitter and a website. A short film festival on cooperatives was organized. The Department also issued several online policy briefs on cooperatives: "Cooperatives in health care: Unimed do Brasil and Pay-for-Performance"; "Cooperatives and Women: Promoting Self-Empowerment" and "Cooperatives and Social Justice".

40. FAO developed communication materials, including a video clip, brochures, posters and flyers, to showcase the role of agricultural cooperatives. The events enjoyed international media coverage and many were web-streamed. Websites were updated to cover events and interviews with cooperative representatives, farmers and cooperative experts. Online policy dialogue was facilitated through the Global Forum on Food Security and Nutrition, which provided key recommendations for future FAO work on cooperatives.

41. An official International Year of Cooperatives film was produced by the ILO Cooperative Branch. The film was screened at the opening of the Year and made available in English, French and Spanish; it was widely used around the world in observance of the Year and subtitled in numerous languages. It features the Year's 10 key messages on cooperatives.

42. During the high-level segment of the 2012 session of the Economic and Social Council, several high-level events were organized to raise awareness of the contributions of cooperatives. A panel discussion on "Promoting decent work in rural areas for achieving food security", organized by the Department of Economic and Social Affairs, FAO, ILO, the International Fund for Agricultural Development (IFAD) and the World Food Programme (WFP), was held on 3 July 2012. A ministerial breakfast meeting on "Promoting productive capacity for sustainable livelihoods: the role of cooperatives", organized by the Department in collaboration with FAO and ILO, was held on 5 July 2012.

43. The Department organized an informal round-table discussion, held on 31 October 2011, to celebrate the launch of the International Year of Cooperatives. The discussion addressed the theme "Cooperative enterprises build a better world: contributions to sustainable development". In collaboration with the Permanent Mission of Spain to the United Nations, the Department organized a panel discussion on "The role of cooperatives in poverty eradication", which was held on 1 February 2012, during the fiftieth session of the Commission for Social Development. The following day, a panel discussion on "Youth employment through entrepreneurship: the role of cooperatives" was also held. The discussion was organized by the Department, in collaboration with the Permanent Mission of Brazil, the North American Students of Cooperation and the University of Massachusetts, Amherst Center for Student Business. On the occasion of the fifty-sixth session of the Commission on the Status of Women, the Permanent Mission of Mongolia to the United Nations, the Department, FAO and IFAD organized a side event, held on 1 March 2012, on "Rural women: are we delivering on our commitments?". In addition, a panel discussion was held on "Cooperatives and the role of information and communications technologies" on 6 June 2012 to examine how information and communication technologies contribute to the efficiency, strengthening and growth of the cooperative movement. On 2 July 2012, a panel

discussion was held on "Sustainable development goes local: how New York City cooperatives are advancing the United Nations Millennium Development Goals". The Department organized the official closing of the International Year of Cooperatives, which took place at Headquarters in New York on 19 and 20 November 2012. The two-day event highlighted the major outcomes of various observances during the Year, as well as forthcoming initiatives to strengthen cooperatives beyond 2012.

44. The Director-General of FAO nominated two FAO Goodwill Special Ambassadors for Cooperatives: Elisabeth Atangana, a farmer leader from Cameroon, and Roberto Rodrigues, former International Cooperative Alliance President and farmer leader from Brazil. The two Goodwill Ambassadors and the Director-General, as well as many senior members of staff, advocated for agricultural and rural cooperatives in events all over the world. The Director-General met with Heads of State and Ministers to share the FAO vision on the importance of agricultural cooperatives and producer organizations as an effective way of achieving food security and reducing hunger in the world. Eight major high-level events were organized during FAO meetings of governing bodies and technical committees, culminating in several events during World Food Week.

45. The Director-General of ILO issued statements during the Year to promote and support cooperative development. ILO participating in high-level events relating to the Year organized by the United Nations and its agencies, Member States, the Committee for the Promotion and Advancement of Cooperatives, the cooperative movement and academia, in all regions of the world and at the national, regional and international levels. In addition, information and policy briefs were produced jointly by the Cooperative Branch and other ILO units to build knowledge and promote new activities to encourage cooperatives. The themes included social dialogue, youth employment, green jobs, persons with disabilities, HIV/AIDS and migrant workers. ILO also organized knowledge-sharing events on cooperatives.

46. Research activities were prominent during the International Year of Cooperatives. For example, ILO published a research paper entitled *Resilience in a Downturn: the Power of Financial Cooperatives*, as well as six Latin American country studies on the situation of cooperatives. News articles and analysis illustrating that cooperatives "build a better world" were released regularly by ILO, and ILO staff contributed to external media requests. Reporting on the Year was included in the Cooperative Branch newsletter.

47. A joint FAO-IFAD publication, *Good Practices in Building Innovative Rural Institutions to Increase Food Security*, was released, and a joint FAO-IFAD-WFP brochure on the Year entitled *Agricultural Cooperatives: Paving the Way for Food Security and Rural Development* was prepared. Thematic briefs on agricultural cooperatives were developed within FAO and in collaboration with Rome-based agencies. The briefs covered such topics as young people, fisheries, forestry, gender, market linkages, the agri-business model, food losses and climate-smart agriculture.

48. FAO and the World Bank conducted a joint review of World Bank investments in building the capacity of rural producer organizations from 2004 to 2010, which was used to analyse the trends in World Bank investments in developing the capacities of rural producer organizations. The annual FAO report on activities in support of producer organizations and cooperatives is being completed.

49. In addition, the third revised edition of the ILO publication, *Guidelines for Cooperative Legislation*, was released in December 2012. It offers policymakers, legislators and other stakeholders ways of updating existing laws and drafting new cooperative legislation at the national, regional and international levels. Furthermore, 10 years after its adoption, a study on the implementation of ILO recommendation No. 193 on the promotion of cooperatives, was published in December 2012.

50. The global network of United Nations Information Centres also undertook initiatives to promote the Year. Under the theme "Cooperative Enterprises Build a Better World", the United Nations Information Centre in Ankara provided media coverage on the launch of the Year and arranged for the United Nations Industrial Development Organization (UNIDO) to represent the United Nations system at an international conference of the Central Union of Turkish Urban Cooperatives. The United Nations Information Centre in Beirut recorded television and radio interviews, placed English and Arabic op-ed articles in pan-Arab newspapers, and disseminated stories on its website and Facebook page and through the regional Arabic media database.

51. The United Nations Regional Information Centre in Brussels organized a press conference with the city of Toulouse, France, and the School of Agricultural Engineers of Purpan, France, which was attended by the President of Coop de France and interpreted in sign language. In addition to that conference, the Centre officially launched the Year with six cooperatives from the agricultural, technology and banking and credit sectors. The Information Centre in Warsaw published an article in *Tecza Polska*, a monthly magazine on cooperatives.

52. The United Nations Information Centre also embraced the Year by holding special events. The United Nations office in Armenia held an art exhibition by Samvel Sevada, a renowned Armenian artist, and the United Nations Information Centre in Bogota manned a stall at the twenty-fifth International Book Fair and delivered the keynote speech at the twelfth National Congress of Cooperatives in Cartagena de Indias, organized by the Confederation of Cooperatives of Colombia.

53. For its part, the United Nations Information Centre in Manila supported the Cooperative Development Authority in the Year's launch by ensuring the presence of the ILO Country Director at a 1,000-strong National Show of Cooperative Force event. The United Nations Information Centre in Rio de Janeiro, Brazil, organized and addressed a one-day conference on the theme "Cooperatives build a better world", with 300 participants from nationwide cooperatives, and received good media coverage during a book launch for *Contemporary Cooperativism: Path to Sustainability*.

54. The Department of Public Information assisted in publicizing the International Year of Cooperatives Short Film Festival. Information centres promoted the Festival enthusiastically and the United Nations Information Centre in Colombo actually directed, produced and won an award for its video Red Chillies! The colourful video illustrated how cooperatives brightened the lives of Sri Lankan women who were unable to obtain fair prices for their produce. The United Nations Information Centre in Port of Spain spread the word to the media throughout its region, and the United Nations office in Ukraine launched an information campaign through national and local media, encouraging cooperative associations to produce and submit films to the Festival.

55. In addition to the many meetings organized by the United Nations system and Governments, other international meetings and conferences were organized by cooperatives and other entities to commemorate the International Year of Cooperatives. This included the following conferences: "Advent of the International Year of Cooperatives", Mashhad, Islamic Republic of Iran, 10 and 11 January 2012; "Cooperatives: Motor of Development", Bonn, Germany, 3 to 5 February 2012; "Cooperatives for Sustainable Economic and Social Change", Bhopal, India, 9 and 10 February 2012; Ninth Asia-Pacific Cooperative Ministers Conference, Bangkok, 27 February to 1 March 2012; international seminar on "Cooperative Enterprises Build a Better World", Petaling Jaya, Malaysia, 12 to 14 March 2012; African Women's Forum for credit unions, Botswana, 17 to 23 March 2012; "Promoting the Understanding of Cooperatives for a Better World", San Servolo, Venice, Italy, 15 and 16 March 2012; "Cooperative Responses to Global Challenges", Humboldt University, Berlin, Germany, 21 to 23 March 2012; Cooperative Expo 2012, Lalitpur, Nepal, 24 to 26 March 2012; "Cooperative Contributions to the European Union 2020 Strategy", European Union Commission, Brussels, 23 to 27 April 2012; Second Cooperative Summit of the Americas, Panama City, 28 May to 1 June 2012; "Cooperatives Boosting Sustainable Development" Beijing, 12 June 2012; Cooperative Research Conference, Montreal, Canada, 25 to 27 June 2013; Seventeenth International Conference on Cooperative Studies, University of Vienna, 18 to 20 September 2012; Cyprus International Year of Cooperatives Conference, Nicosia, 28 and 29 September 2012; "The Amazing Power of Cooperatives" International Summit, Quebec City, Canada, 8 to 11 October 2012; First Summit for African Savings and Credit Cooperative Societies and Cooperatives, Nairobi, 11 and 12 October 2012; Twenty-eighth International Confederation of Popular Banks Congress, Marrakech, Morocco 21 to 23 October 2012; "Stronger Together: A Celebration of Co-operatives and Agriculture", University of Massachusetts, United States, 23 October 2012; "Cooperatives: A Solution for a Social and Solidarity Economy", Nimes, France, 24 October 2012; International Cooperative Alliance Expo 2012, Manchester, United Kingdom, 29 October to 2 November 2012; Seventh International Microinsurance Conference, Rio de Janeiro, Brazil, 8 to 10 November 2011; "La coopérative, un modèle économique pour demain?", Lausanne, Switzerland, 13 November 2012; International Conference on Worker and Social Cooperatives, Marseilles, France, 16 November 2012; Cooperative Theory Lecture Series, University of Kobe, Japan, 28 November 2012; and "Estrategia Empresarial Cooperativa", Logroño, Spain, 14 December 2011.

56. Although the topics varied across the conferences, the underlying focus lay on the resilience of the cooperative model and its potential for promoting inclusive and sustainable growth. Most conferences focused on effective strategies for cooperative strengthening and the need for continued collective focus at the international level on cooperatives and cooperative development. The international cooperative movement, represented by the International Cooperative Alliance, articulated this in its "Blueprint for a Cooperative Decade", which focused on strategies for increased participation and sustainability and addressed issues of identity and capital, as well as the legal framework for conducting cooperative business effectively.

Capacity-building to promote the growth of cooperatives

57. During the International Year of Cooperatives, the United Nations system provided opportunities for building capacity in national government agencies, cooperatives and youth associations to promote the further growth of cooperatives.

58. The global forum and workshop on the theme "Harnessing the Cooperative Advantage to Build a Better World", was held at the Economic Commission for Africa (ECA), Addis Ababa, from 4 to 6 September 2012. The event, an initiative of the Department of Economic and Social Affairs, was held in collaboration with ECA, the Gender, Equity and Rural Development Division of FAO, and the Cooperative Branch of the ILO Job Creation and Enterprise Development Department, in consultation with various cooperative partners. The Forum was an opportunity for the exchange of ideas with and among experts on the cooperative enterprise model and development, and encompassed capacity-building opportunities for national participants from many countries.

59. The long-standing FAO project, Dimitra, a gender-sensitive, participatory information and communications methodology, is being augmented as a social mobilization tool to improve the participation of men and women within producer organizations and cooperatives, up to and including leadership roles. Peer-to-peer partnerships have been developed among federated producer organizations and cooperatives (in Burkina Faso, Canada, France and Morocco) as a way to organize knowledge-exchanges and capacity-development activities in order to promote efficient service, self-reliance and economically viable and sustainable governance.

60. Furthermore, the new ILO integrated methodology, entitled "CoOPequity" is being developed at the country level to improve rural men and women's food security through gender-equitable, well-governed, efficient cooperatives and producer organizations.

61. ILO launched the "My.COOP: Managing Your Agricultural Cooperative" training package and platform for the Year. Currently in English and Spanish, it will soon be available in Arabic, Chinese, French, and Indonesian Bahasa. The package was developed under a partnership approach and is being rolled out in Africa, Asia and Latin America.

62. Encouraging young people to join the cooperative movement is one way of addressing the urgent issue of regeneration and cooperative membership in the decades ahead. The modern lifestyle has deterred young people from community engagement and most are neither knowledgeable nor aware of the benefits of cooperative enterprises. Creating a formal system where young people can learn about cooperatives is a priority.

63. A forum on "Cooperatives and Youth: Empowerment, Employment, Engagement" organized by the Department of Economic and Social Affairs, was held at United Nations Headquarters in New York as part of the closing ceremony of the International Year of Cooperatives 2012. The forum provided an opportunity for young people, international organizations, Member States and other relevant stakeholders to engage in dialogue on the benefits and challenges associated with youth engagement in cooperatives, with particular emphasis on issues of empowerment, employment and civic engagement. The forum was held in conjunction with an online consultation with young people and other stakeholders to ensure the broadest possible participation. The cumulative outcome of the forum and

consultation was the International Cooperative Youth Statement 2012 which was presented on 20 November 2012. The statement outlined the relevance and potential of cooperatives for youth empowerment and employment, especially in relation to the difficult and challenging times for young people throughout the world. The statement made recommendations to national Governments, international organizations and the international community, educational institutions, civil society and the cooperative sector on ways in which to promote cooperative youth empowerment.

VI. Strengthening cooperatives through the international plan of action on cooperatives in development beyond 2012

64. Cooperatives, like other institutions of society, have faced major challenges despite their potential and actual contribution to development processes. Some of these challenges include lack of regulation and supervision in some countries or, conversely, restrictive regulation in others, especially following the financial crisis, governance issues, traditional lending practices (share-based lending), limited product offering, lack of long-term financing, and political interference. Given these barriers to cooperative growth, the strengthening of cooperatives must focus on the policy environment, cooperative literacy, human resource and networking improvement and heightened membership participation. It is also important to expand and strengthen diagnosis on challenges and possible solutions through further research.

65. With the support of the Government of Mongolia, a team of international experts on cooperatives, Government representatives, cooperative practitioners and United Nations agencies came together in Ulan Bator in 2011 to consider a plan of action on cooperatives to help advance cooperative development within the international development agenda and to provide guidance to national Governments on working with cooperatives in support of national development. Various consultative processes were held throughout 2012, including discussion panels at Headquarters, and other meetings held during the International Year of Cooperatives. Input was sought from Member States and the Advisory Group of the International Year of Cooperatives, which consists of high-level cooperative professionals and experts.

66. Participants in the various dialogues agreed unanimously that, in general, an international plan of action on cooperatives is an effective mechanism for achieving the objectives of the International Year of Cooperatives beyond 2012 and for strengthening cooperatives in particular. Throughout the consultations, it was agreed that the plan should outline actions that reiterate the main objectives of the International Year of Cooperatives in providing guidance for (a) establishing effective policies, laws and regulations; (b) increasing public awareness; (c) promoting the formation and sustainable growth of effective cooperatives; and (d) promoting research on cooperatives in support of policy formulation. It was hoped that Member States would weigh in on, and endorse, the plan of action, to ensure its viability as a policy instrument for their work with cooperatives. The draft plan of action has been circulated to Member States for comments.

67. In its draft form, the international plan of action on cooperatives in development beyond 2012 built upon the existing mandates of national

Governments, cooperative enterprises and international institutions to outline a development plan focused specifically on the role of cooperatives and the development of cooperative enterprises. Once endorsed, the plan of action would reinforce all previous calls to action and take them forward in a coherent and accessible manner, addressing the role and expectations of Governments, international institutions and cooperative enterprises themselves in ensuring a focused follow-up to the activities of the International Year of Cooperatives in 2012. Ideally, the plan would provide guidance on effective cooperation and coordination among stakeholders for implementation of the stated objectives.

Establishing effective policies, laws and regulations

68. Throughout the consultative processes outlined above, experts emphasized the need for Governments to review prevailing policies, laws and regulations affecting cooperatives and to identify strategies for creating supportive policy environments. Essential to the strategy discussion were the need for impact assessments and other relevant research, as well as the effect of the legislative environment on access to credit and other financial services, access to markets, and other elements affecting competitiveness.

69. The United Nations needs to continue both playing a role in highlighting the important contribution that cooperatives have made to the global community and maintaining the agenda for further cooperative development. Mainstreaming cooperatives within the United Nations and its specialized agencies, as well as in regional organizations, must continue to be promoted.

70. Reinforcing cooperative participation in international institutions and intergovernmental processes would safeguard the sector's interests in the international arena. This participation would include, at a minimum, providing feedback and reviews on the appropriateness of legislative and regulatory standards that affect cooperatives. For example, financial cooperatives working with standard-setting bodies must ensure that they have open and fair access to clearing and settlement systems, deposit insurance and card and mobile money networks. Regulatory increases in capital adequacy ratios must consider the distinct risk attitude and management style of cooperative businesses.

71. Reinforcing cooperative participation in Government consultations with social partners would contribute to better national and local legislation. Follow-up on ILO Recommendation No. 193 should encourage Governments and parliaments to better understand cooperative regulatory issues and policies.

Increasing public awareness

72. In order to further promote cooperatives, there needs to be a clear definition and characterization of cooperatives. There is also a need to acknowledge the differentiations in the model in practice around the world. While the International Year of Cooperatives did much to highlight the strengths of cooperatives in promoting sustainable development, continued support for such initiatives would enable the contribution of cooperatives to be identified and assessed. The proper ability to promote and raise awareness about the cooperative model is heavily linked to the increased dissemination of knowledge on cooperative enterprises and their impacts. One obvious awareness-raising strategy would be to ensure that the

cooperative values and business model are well integrated in school curriculums and other forms of educational programming.

Promoting the formation and sustainable growth of effective cooperatives

73. Stakeholders should work to identify, through effective consultation and research, the key factors and practices necessary for the successful operation of cooperatives and the priority capacity-building strategies to promote and strengthen cooperatives. Responses to inadequate regulation and supervision, governance issues, traditional lending practices, limited product offering, lack of long-term financing and political interference should be explored. Human resource development is a key potential strategy, not only for improving the capacities of existing membership and traditional membership bases, but for expanding the scope of cooperative membership, particularly among women, young people, the disabled and other marginalized groups. Increasing youth membership would be particularly important for the sustainability and resilience of the cooperative model. Strengthening cooperatives must also focus on the policy environment, cooperative literacy and networking improvement.

Promoting research on cooperatives

74. There is an inadequate understanding of the economic impact that cooperatives have generated, above and beyond the value and size measures reported on financial statements. The cooperative difference needs to be quantified better, measured more systematically, and be robust enough to withstand professional scrutiny. The clear articulation of the cooperative model would be the best advocate for public policy support. Enlisting the academic and research community to mainstream the cooperative business model would allow greater exposure and understanding and lead to its acceptance as a viable complementary model to the prevailing for-profit business model.

75. The academic community should be encouraged to expand the inventory of research and training to create a wider knowledge base for cooperatives, by documenting case studies, both successful and unsuccessful, best practices and methodologies. Along these lines, a network of international experts in cooperative education should be established in order to define and prioritize research topics in collaboration with the cooperative movement and other stakeholders. An overdue, long-term project would be to collect systematic, comparable data on cooperatives across the world.

76. As mentioned earlier, understanding the impact of the business environment on cooperative success or failure would be another important field of research.

Promoting cooperation among cooperatives

77. Cooperation among cooperatives — not just within the sector but among and across sectors — benefits cooperatives through the sharing of information and best practices, the provision of technical expertise and the development of strategic linkages. Cooperation can be encouraged and developed across South-South lines — as in the case of the cooperative partnership between dairy cooperatives in India and the United Republic of Tanzania, and across North-South lines — as in the case of the United States agricultural cooperative, Land O'Lakes, which supports cooperatives in Uganda. Exploiting cross-sectoral opportunities between credit

unions and agricultural cooperatives could also be considered. Collaboration among the United Nations, the International Cooperative Alliance and cooperative organizations must be maintained as the channel for establishing common international goals.

VII. Conclusions and recommendations

78. **The International Year of Cooperatives 2012 was a remarkable celebration of cooperatives as businesses that are owned by the people they serve. Cooperatives focus on the well-being of their members and clients, not on profit-making. The Year reminded the world of the potential and advantages provided by the cooperative model in both developed and developing countries.**

79. **The Year has reaffirmed that the cooperative movement is a strong partner in development that can work with the United Nations to empower the poor, young people, women, the disabled and other marginalized groups. Cooperatives contribute to poverty eradication, especially in rural areas; to inclusive growth and sustainable development, especially with regard to the social and economic pillars; and to employment-generation and social protection. As member-owned businesses, cooperatives give people hope in the context of multiple global crises and disasters. Similarly, they can serve as an alternative enterprise model in the context of the search for a new post-2015 development agenda.**

80. **The General Assembly may wish to consider the following recommendations to promote the continued growth of cooperatives and further extend their socioeconomic impact, and to invite Governments and international organizations, in partnership with cooperatives and cooperative organizations, to:**

(a) **Strengthen and build the capacity of all forms of cooperatives, especially those run by the poor, young people, women, persons with disability and other vulnerable groups, so that they can empower people to transform their lives and communities positively and build inclusive societies;**

(b) **Review the prevailing policies, laws and regulations affecting cooperatives and identify strategies for the creation of a supportive environment by establishing or improving national legislative frameworks in support of cooperative growth;**

(c) **Raise public awareness of the nature of cooperatives, their strengths, their values and principles, and their contribution to sustainable development;**

(d) **Intensify and expand the availability and accessibility of research on the operation and contribution of cooperatives and establish methodologies for the collection and dissemination of comparable global data on cooperatives and their good practices;**

(e) **Encourage and support cooperation among cooperatives and their stakeholders to promote further growth of cooperative enterprises and to expand their contribution to social and economic development.**